

## Chairman Johnson on financial literacy: progress made, more to be done

**C**hairman JoAnn Johnson testified April 15, 2008, on financial literacy efforts before the U.S. House of Representatives Financial Services Committee.

“Financial literacy is an important facet of NCUA and credit union outreach efforts,” Chairman Johnson said. “The agency places a high priority on the value of basic, practical consumer financial education dating back to the 1960s when Project Moneywise provided consumer education. Today, NCUA workshops routinely put financial literacy front and center in over 20 sessions annually.”

NCUA’s Office of Small Credit Union Initiatives has provided financial literacy training to almost 2,000 credit union staff and volunteers in the past 10 years. Recent workshops focused on topics such as homeownership, education and retirement saving, VITA tax-preparation and financial needs of the military community.

NCUA offers an online “Financial Literacy Library” providing consumers with a gamut of information from personal finance to ID theft prevention, prudent use of credit cards and deposit insurance. The website includes links to other government and private sector resources.

The NCUA Congressionally-appropriated Community Development Revolving Loan Fund (CDRLF) provides financial assistance to low-income credit unions for financial education. Since 2004, CDRLF has awarded over \$500,000 in grants specifically for financial education programs. Promoting a partnership

among credit unions and between credit unions, community and governmental organizations is also a hallmark of NCUA education efforts.

“I have been personally involved in BizKid\$, a PBS series devoted exclusively to teaching young people about financial literacy,” Chairman Johnson said. “The credit union industry is very active in this program, currently on-air in 47 states, and I was pleased to do a promotional video stressing the fundamental importance of financial education efforts directed at our Nation’s youth. I am confident that these types of initiatives will pay big dividends in the form of financially literate young adults entering the marketplace.”

“Credit unions do a good job in promoting financial education to their members. A 2006 NCUA survey indicates 60 percent of credit unions offer financial counseling that specifically incorporates financial education while another 42 percent have dedicated financial literacy programs for their members,” Johnson said.

Chairman Johnson is also Chair of the MyMoney.gov website, a subcommittee of the President’s Financial Literacy and Education Commission. The interactive website serves as a clearinghouse for federal, state and local financial education programs, grants and materials. MyMoney.gov has received 2.3 million hits since 2004 and has

distributed over 1.5 million publications to consumers.

“Financial literacy plays a central role in the lives of consumers. Both President Bush and Congress have taken tangible steps to place financial education at the forefront of efforts to protect and empower consumers, and NCUA is working to do its part to make sure that credit unions are fully involved. While financial literacy is not a substitute for strong consumer protection, NCUA will continue advocacy of basic financial literacy to help consumers help themselves,” Chairman Johnson said.

The testimony is available online at [http://www.ncua.gov/news/speeches/speeches\\_johnson.html](http://www.ncua.gov/news/speeches/speeches_johnson.html).



April 15, 2008, Washington D.C.—Chairman JoAnn Johnson testifies on financial literacy before the U.S. House of Representatives Financial Services Committee.

### HIGHLIGHTS

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# NCUA/NASCUS hold annual regulators meeting

Representatives from 38 state agencies and the National Credit Union Administration (NCUA) met in Tampa, Florida, for the annual NASCUS/NCUA National Regulators Meeting, April 13-15, 2008.

NCUA Board members, regional directors and senior staff, state regulators and NASCUS management spent three days discussing national policy issues, compliance and examination challenges and the economic outlook for credit unions. The National Regulators Meeting is a valuable opportunity for regulator-to-regulator dialogue on the timeliest topics affecting regulators and credit unions. The meeting also featured opportunities for discussion by region and for state regulator only sessions.

“The annual NCUA/NASCUS National Regulators Meeting is an excellent venue that brings state and federal regulators together to discuss today’s relevant issues,” said NCUA Board Member and NASCUS Liaison Gigi Hyland. “It is vital that state and federal regulators seize every opportunity to share information, ideas, concerns and their perspectives. I believe communication between NCUA and state regulators is a critical element in maintaining a safe, sound credit union system.”

“The economic and operational challenges facing today’s credit unions require state and federal regulators to maintain active communication in order to react appropriately to pressing examination and supervision issues,” said NASCUS Chairman George Reynolds, senior deputy commissioner of the Georgia Department of Banking and Finance. “It is critical that state and federal regulators maintain an open dialogue to ensure that state and federal examiners are appropriately assessing risk

to the insurance fund as well. Opportunities for dialogue like the National Meeting allow for this important communication to continue between regulators on a national basis.”

National policy discussions will continue between NASCUS state regulators and NCUA at an Interagency Dialogue scheduled during the NASCUS State System Summit, August 22, 2008, in Seattle, Washington.



April 14, 2008, Tampa, Fla.—NCUA Board Member Gigi Hyland (standing) confers with participants at the NCUA/NASCUS regulators meeting. From the left are Sandra Troutman, NASCUS; Hyland; and Mary Ellen O’Neill and Debra Lein from the Connecticut Department of Banking.

## NCUA News

### National Credit Union Administration

NCUA News is published by the National Credit Union Administration, the federal agency which supervises and insures most credit unions.

**JoAnn Johnson**, *Chairman*  
**Rodney E. Hood**, *Vice Chairman*  
**Christiane Gigi Hyland**, *Board Member*

Information about NCUA and its services may be secured by contacting 703-518-6330.

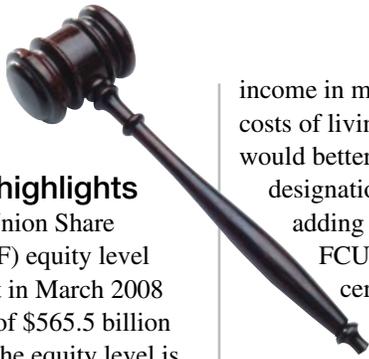
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April 14, 2008, Tampa Fla.—NCUA Vice Chairman Rodney Hood, (center) joined by his policy advisor Carlton Hoskins (left), and Randy Duncan from the Kentucky Office of Financial Institutions at the NCUA/NASCUS meeting.

## Board actions April 17, 2008



### NCUSIF financial highlights

The National Credit Union Share Insurance Fund (NCUSIF) equity level increased to 1.31 percent in March 2008 based on insured shares of \$565.5 billion at December 31, 2007. The equity level is projected to be 1.29 percent at year-end 2008.

During the first three months of 2008, NCUSIF gross income was \$76.2 million, net income was \$61.3 million, operating expenses were \$18.8 million, and reserve requirements were reduced by \$3.8 million. The provision for loss reserve account totaled \$206.2 million at March 31, 2008.

Currently, 229 problem CAMEL code 4 and 5 credit unions hold 1.59 percent of total insured shares. One federally insured credit union failed during the first three months of 2008.

### New low-income definition proposed

The NCUA Board issued a proposed rule change to Parts 701 and 705 to revise the definition of “low-income members” by using “median family income” to determine when a federal credit union qualifies for low-income designation and assistance from the Community Development Revolving Loan Fund.

The revised definition would eliminate confusion associated with the current requirement to adjust medium household

income in metropolitan areas with higher costs of living. Additionally, the change would better align NCUA low-income designation criteria with criteria for adding an underserved area to an FCU field of membership and for certification as a community development financial institution (CDFI).

The proposal was issued with a 60-day comment period.

### Insurance advertising revision recommended

The NCUA Board issued a proposed rule change to Part 740 to revise requirements by permitting federally insured credit unions to use one of three options in their advertisements:

- The basic official insurance advertising statement—“This credit union is federally insured by the National Credit Union Administration”;
- A shortened form—“Federally insured by NCUA” or;
- The official insurance sign.

Currently, credit unions can only use the shortened form if they also include the official insurance sign. The proposal was issued with a 60-day comment period.

### Proposed CUSO revisions would add services and expand scope

The NCUA Board issued proposed amendments to the credit union service organization (CUSO) rule Part 712 to

clarify and enhance CUSO operations and address safety and soundness concerns.

Issued with a 60-day comment period, the proposal would add two new permissible CUSO activity categories (credit card loan origination and payroll processing services), broaden the reach of two service categories to include those eligible for credit union membership, and add new examples of permissible CUSO activities.

The proposal would impose new regulatory limits on credit unions’ ability to recapitalize their CUSO in certain circumstances. Through a companion amendment to Part 741, the proposal would also expand the scope of the CUSO rule by extending certain provisions to federally insured, state-chartered credit unions to ensure that regulators have access to books and records and that CUSOs operate as separate entities. Additionally, the proposal clarifies that CUSOs may buy and sell participations in loans they are currently authorized to originate.

### Freedom of Information Act revisions proposed

The NCUA Board issued proposed rule changes to Part 792 to update and clarify procedures for requesting access to agency records and other rights and requirements of the Freedom of Information Act (FOIA) and Privacy Act. The proposed rule incorporates recent FOIA amendments and adds definitions, revises terminology and clarifies provisions implementing the Privacy Act.

Proposed FOIA provisions address procedural issues concerning fee practices, proper submission of requests and time limits for completing requests.

Privacy Act provisions would clarify the procedures whereby individuals may obtain notification if an NCUA record contains information about the individual and may access or amend a record.

The proposal was issued with a 60-day comment period.

### Board votes are unanimous unless otherwise indicated

## CDRLF grants are available

The following Community Development Revolving Loan Fund (CDRLF) grants are available to low-income designated credit unions:

Initiative	Opens	Closes	Maximum Grant
Enhancing Member Services	May 5	July 11	\$15,000
Volunteer Income Tax Assistance	May 12	When funds are exhausted	\$6,500
Staff, Official, Board Training	Open until funds are exhausted		\$3,000
Student Internship	Open until funds are exhausted		\$3,000

Obtain an application online via [www.ncua.gov](http://www.ncua.gov). Click on “Credit Union Development” and then click on “Loans/Grants.” FAX completed applications to 703-519-4088 or email it to [OSCUAPP@ncua.gov](mailto:OSCUAPP@ncua.gov).

## Conversations with AMERICA



### My Government Listens

**Date:** Friday, May 9, 2008  
**Who:** Board Member Gigi Hyland  
**Event:** Mississippi CU Association Annual Meeting  
**Location:** Biloxi, MS  
**Contact:** Jessica Vogel at [jvogel@ncua.gov](mailto:jvogel@ncua.gov) or 703-518-6318

**Date:** Wednesday, May 14, 2008  
**Who:** Vice Chairman Rodney E. Hood  
**Event:** Connecticut Credit Union League CEO Roundtable  
**Location:** Berlin, CT  
**Contact:** Sally Thompson at [sridgely@ncua.gov](mailto:sridgely@ncua.gov)

**Date:** Thursday, May 15, 2008  
**Who:** Chairman JoAnn Johnson  
**Event:** AHCU Meeting  
**Location:** Chicago, IL  
**Contact:** Linda Queen at [lqueen@ncua.gov](mailto:lqueen@ncua.gov) or 703-518-6309

**Date:** Thursday, May 15, 2008  
**Who:** Vice Chairman Rodney E. Hood  
**Event:** New Jersey Credit Union League Roundtable  
**Location:** Iselin, NJ  
**Contact:** Sally Thompson at [sridgely@ncua.gov](mailto:sridgely@ncua.gov)

**Date:** Friday, May 16, 2008  
**Who:** Board Member Gigi Hyland  
**Event:** Georgia Credit Union Affiliates Annual Convention  
**Location:** Savannah, GA  
**Contact:** Jessica Vogel at [jvogel@ncua.gov](mailto:jvogel@ncua.gov) or 703-518-6318

**Date:** Tuesday, May 20, 2008  
**Who:** Board Member Gigi Hyland  
**Event:** New York State Credit Union League Annual Meeting  
**Location:** Albany, NY  
**Contact:** Jessica Vogel at [jvogel@ncua.gov](mailto:jvogel@ncua.gov) or 703-518-6318

**Date:** Wednesday, May 21, 2008  
**Who:** Vice Chairman Rodney E. Hood  
**Event:** Alliance for Economic Inclusion (AEI) Forum  
**Location:** Boston, MA  
**Contact:** Sally Thompson at [sridgely@ncua.gov](mailto:sridgely@ncua.gov)

**Date:** Friday, May 23, 2008  
**Who:** Chairman JoAnn Johnson  
**Event:** NAFCU Volunteers Conference  
**Location:** Marco Island, FL  
**Contact:** Linda Queen at [lqueen@ncua.gov](mailto:lqueen@ncua.gov) or 703-518-6309

**Date:** Wednesday, May 28, 2008  
**Who:** Chairman JoAnn Johnson  
**Event:** ITCUA Strategic Summit  
**Location:** Banff Springs, Canada  
**Contact:** Linda Queen at [lqueen@ncua.gov](mailto:lqueen@ncua.gov) or 703-518-6309

**Date:** Thursday, May 29, 2008  
**Who:** Board Member Gigi Hyland  
**Event:** US Central Meeting  
**Location:** Kansas City, KS  
**Contact:** Jessica Vogel at [jvogel@ncua.gov](mailto:jvogel@ncua.gov) or 703-518-6318

**Date:** Thursday, June 5, 2008  
**Who:** Chairman JoAnn Johnson  
**Event:** Women's Leadership Symposium  
**Location:** Asheville, NC  
**Contact:** Linda Queen at [lqueen@ncua.gov](mailto:lqueen@ncua.gov) or 703-518-6309

**Date:** Friday, June 6, 2008  
**Who:** Board Member Gigi Hyland  
**Event:** New Mexico League Annual Meeting  
**Location:** Albuquerque, NM  
**Contact:** Jessica Vogel at [jvogel@ncua.gov](mailto:jvogel@ncua.gov) or 703-518-6318

**Date:** Wednesday, June 11, 2008  
**Who:** Vice Chairman Rodney E. Hood  
**Event:** Florida Central's Management Perspective Seminar  
**Location:** Lisbon, Portugal  
**Contact:** Sally Thompson at [sridgely@ncua.gov](mailto:sridgely@ncua.gov)

**Date:** Thursday, June 12, 2008  
**Who:** Board Member Gigi Hyland  
**Event:** 2008 Credit Union Retail Delivery Convention  
**Location:** Chicago, IL  
**Contact:** Jessica Vogel at [jvogel@ncua.gov](mailto:jvogel@ncua.gov) or 703-518-6318

**Date:** Thursday, June 12, 2008  
**Who:** Board Member Gigi Hyland  
**Event:** 34th Annual Conference on Serving the Underserved  
**Location:** Dallas, TX  
**Contact:** Jessica Vogel at [jvogel@ncua.gov](mailto:jvogel@ncua.gov) or 703-518-6318

**Date:** Wednesday, June 25, 2008  
**Who:** Vice Chairman Rodney E. Hood  
**Event:** CorporateOne Federal Credit Union's Annual Enterprise Risk Management Conference  
**Location:** Chicago, IL  
**Contact:** Sally Thompson at [sridgely@ncua.gov](mailto:sridgely@ncua.gov)



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# Hyland details NeighborWorks America assistance efforts

NCUA Board Member Gigi Hyland detailed an ambitious, far-reaching agenda for NeighborWorks America (NWA) when addressing a Women in Housing and Finance Public Policy Luncheon in Washington, D.C., March 25, 2008.

“The NeighborWorks mission is always relevant, but never more so than during these uncertain times for America’s homeowners,” said Board Member Hyland, who serves as the NCUA liaison to Neighborworks America.

Board Member Hyland discussed the mission of NWA, a national nonprofit organization created by Congress to provide financial support, technical assistance and training for community-based revitalization efforts. She also explained its role in the current mortgage crisis, specifically through the National Foreclosure Mitigation Counseling program administered by NWA.

“This important program is helping equip Americans facing foreclosures with the tools and resources they need to stay in their homes. I am proud of the role



NeighborWorks America and the credit union community are playing in not only helping Americans own a home but also keep their homes, which is crucial to sustaining viable and strong communities,” said Hyland.

NWA, originally created in 1978 as the Neighborhood Reinvestment Corporation, is the nation’s original community/public/private partnership model.

Hyland stressed that NWA grants, program support, training scholarships, organizational assessments and evaluations, and other outreach efforts are aimed at promoting vibrant, healthy communities through homeownership and individual empowerment.

Touching on the National Foreclosure Mitigation Counseling program, she explained how the \$180 million

Congressionally-established program was appropriated:

- Up to \$5 million for training of foreclosure prevention counselors across the nation;
- Up to \$7.2 million for administration, including development of a data-collection system, implementation of quality control and compliance monitoring, and a comprehensive program evaluation focused on results of the mitigation efforts; and
- The remaining \$167.8 million for grants to eligible recipients.

In addition, Hyland discussed the NWA effort to target eligible homeowners and the geographic “areas of greatest need” focus of the foreclosure-mitigation and prevention program. A recent \$130 million in grants to various state, federal, and NWA organizations was designated to provide counseling to an estimated 450,000 families facing the threat of foreclosure.

Additional information on the National Foreclosure Mitigation Counseling program can be found at [www.nw.org/nfmc](http://www.nw.org/nfmc).

## Proposed flood insurance Q&A issued

The federal bank, thrift, credit union, and Farm Credit System regulatory agencies request public comment, by May 30, on new and revised *Interagency Questions and Answers Regarding Flood Insurance*.

*Interagency Questions and Answers Regarding Flood Insurance* were first published by the Federal Financial Institutions Examination Council in 1997. The proposed new questions and answers, as well as substantive and technical revisions to existing guidance, would assist financial institutions meet their responsibilities under federal flood insurance legislation and increase public understanding of flood insurance regulations.

Proposed changes include substantive modifications to questions and answers pertaining to construction loans and condominiums. The agencies also propose new questions and answers in a number

of areas, including second lien mortgages, the imposition of civil money penalties, and loan syndications/participations. The proposal also would revise and reorganize certain existing questions and answers to clarify areas of potential misunderstanding and provide clearer guidance to users.

After public comments are received and considered and the interagency questions and answers are final, they would supersede the 1997 interagency questions and answers and supplement other guidance or interpretations issued by the agencies and the Federal Emergency Management Agency.

The agencies invite comment on the proposed changes and, more generally, on other issues regarding compliance with the federal flood insurance statutes and regulations. View the proposal online at [http://www.ncua.gov/RegulationsOpinionsLaws/proposed\\_regs/proposed\\_regs.html](http://www.ncua.gov/RegulationsOpinionsLaws/proposed_regs/proposed_regs.html).

## Tax rebate information is available on [www.mymoney.gov](http://www.mymoney.gov)

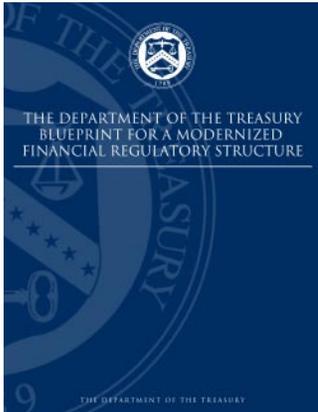
Information explaining the economic stimulus payments created by the Economic Stimulus Act of 2008 is featured on the “What’s New” section of the MyMoney.gov website. The legislation was signed by President George W. Bush February 13, 2008.

“I applaud President Bush and Congress for working swiftly to give the American people temporary tax relief at a time when our nation’s economy is experiencing a rough patch. I encourage credit unions to continue playing a vital role in helping Americans facing uncertain or difficult financial times,” Chairman Johnson said.

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## NCUA responds to Treasury's restructuring "Blueprint"

The executive summary of the Treasury Report on the country's financial regulatory structure raises important issues about the optimal structure for governmental oversight of U.S. financial markets. While NCUA agrees with the premise the ultimate



objective of that oversight is "a sound and competitive financial services industry grounded in robust consumer protection

and stable and innovative markets," NCUA has significant concerns that many consumer benefits of the credit union system would be threatened by any restructuring proposal that may blur the credit union charter and eliminate a separate regulatory and insurance function for federally insured credit unions.

Credit unions provide an important, unique financial services alternative for America's consumers. Credit unions,

as member-owned, democratically-controlled cooperatives, are fundamentally different in both structure and mission from other financial service providers. Their cooperative form of organization and mission of serving a broad spectrum of consumers, including those of modest means, have fostered a credit union system that consistently provides better rates for consumers across a broad range of products, and credit unions consistently outrank the competition in consumer satisfaction surveys. Moreover, the cooperative structure of the National Credit Union Share Insurance Fund assures the credit union system stands united against a taxpayer bailout of this segment of the financial marketplace. Great care should be exercised to preserve these important benefits.

NCUA will conduct a detailed review of the report, and we look forward to full, public dialogue of the issues raised. The starting point in NCUA's review will be the proposals reflected in NCUA Chairman JoAnn Johnson's letter of November 20, 2007, to Treasury Secretary Paulson, which strongly recommends a continued separate charter and separate regulatory and insurance regime for credit unions,

and it recommends further strengthening the credit union system through capital reform and other measures. A copy of that letter is available at <http://www.ncua.gov/NCUABoard/BoardMembers/Johnson/TreasuryNov202007letter.pdf>.

NCUA notes the Treasury intends its report to begin a discussion of these important issues, and we look forward to being part of that discussion. The Treasury Blueprint is online at <http://www.treas.gov/press/releases/reports/Blueprint.pdf>.

### *tax rebate*

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The legislation will provide individual tax relief in the form of tax rebates, which will be as much as \$600 for individuals and \$1,200 for married couples, with additional rebates for families with children.

Approximately 130 million households will begin to receive the rebates in April.

Please be aware that identity thieves are already pushing scams involving the stimulus payments. For information regarding scams using economic stimulus rebates, please visit <http://www.irs.gov/newsroom/article/0,,id=178061,00.html>.